



**Hundredth Legislature - Second Session - 2008
Committee Statement
LB 51**

Hearing Date: January 23, 2007
Committee On: Urban Affairs

Introducer(s): (Hudkins)

Title: Include all cities and villages under the Nebraska Industrial Development Corporation Act

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - Advanced to General File with Amendments
 - X Indefinitely Postponed
-

Vote Results:

7	Yes	Senator Friend, Cornett, Janssen, Lathrop, McGill, Rogert, White
0	No	
	Present, not voting	
	Absent	

Proponents:

Senator Carol Hudkins
James Ryan

Representing:

Introducer
Self, Friend, NE

Opponents:

None

Representing:

Neutral:

Lynn Rex

Representing:

League of NE Municipalities

Summary of purpose and/or changes: This bill proposes to amend the Nebraska Industrial Development Corporation Act (Sec. 21-2301 to Sec. 21-2318) to extend the list of local political subdivisions authorized to exercise the authority granted by the Act to include primary, first, and second class cities, and villages.

The Nebraska Industrial Development Corporation Act was originally enacted in 1972 (LB 1517). In the words of the Act itself (Sec. 21-2302), its purpose was: “to authorize the incorporation in any local political subdivision in this state of public corporations to acquire, enlarge, improve, expand, own, lease, and dispose of properties to the end that such corporations may be able to promote industry, develop trade, and further the use of the agricultural products and natural resources of this state by inducing manufacturing, industrial, commercial, and research enterprises...”

These corporations would have the power to issue revenue bonds (*not* general obligation bonds) to conduct their activities regarding real property. The revenue bonds would be repaid from the revenue derived from the conduct of the business activity undertaken on the property. The revenue could be from the sale or the lease of the land or any other activity. The corporation could not, however, actually run the business; only the property.

At the time of the original enactment of the bill, the only “local political subdivision” authorized to form the corporation authorized by the Act was a metropolitan class city.

In 1995, Sen. Dan Fisher (District 35, Grand Island) introduced LB 494 to (among other things) extend the definition of “local political subdivision” to include “any county, city, or incorporated village in this state.”

The Banking, Commerce, and Insurance Committee (under the chairmanship of Sen. Dave Landis) held the public hearing on the bill and advanced it to general file with a committee amendment (adopted 6-0 by the committee) that narrowed the scope of authority sought in the bill to *exclude* all cities and villages other than metropolitan class cities and extend the definition only to include all counties (along with Omaha).

The committee amendment prevailed and the current law reflects the amendments made by that legislation

This bill proposes (as did LB 494 (1995)) to extend the definition of “local political subdivision” to include all cities and villages (as well as the current authority for counties and metropolitan class cities), thus authorizing all of these entities to use the authority granted by the act to create the specialized corporations (change found in section 1 of the bill, amending sec. 21-2301).

Section 2 of the bill proposes to amend subdivision (2) (b) of section 21-2308.

When LB 494 was enacted, it became necessary to change the original Act to address the possibility of conflicting jurisdiction. Thus, subdivision (a) of that section currently states that if the local political subdivision is a county, the proposed project to be financed must be located within the boundaries of the county and cannot be located within the corporate limits of a city or village.

The proposed changes to subdivision (2) (b) in LB 51 would authorize any city or village corporation to finance a project located “within or without” or “partially within and without” the city or village subject to certain conditions:

(1) the project cannot be located more than twenty-five miles from the corporate limits of the city;

(2) in no event shall the project be located within the corporate limits of another city or village in the state;

(3) no project or part of a project may be located within the “police jurisdiction” (read “extraterritorial zoning jurisdiction”) of another city or village *unless* the governing body of the city or village adopts a resolution consenting to the location of the project in that area; and

(4) no project or part of a project may be located in any county other than the county in which the city or village is located unless the county board of commissioners in another county adopts a resolution consenting to the location of the project or part of the project in that county.

Explanation of amendments, if any: None

Senator Mike Friend, Chairperson